



US008504467B2

(12) **United States Patent**  
**Hamor**

(10) **Patent No.:** **US 8,504,467 B2**

(45) **Date of Patent:** **\*Aug. 6, 2013**

(54) **METHODS AND SYSTEMS FOR FACILITATING BIDS ON PRODUCTS AND SERVICES**

(58) **Field of Classification Search**  
None  
See application file for complete search history.

(76) Inventor: **Alan B. Hamor**, Pennington, NJ (US)

(56) **References Cited**

(\*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

This patent is subject to a terminal disclaimer.

U.S. PATENT DOCUMENTS

2001/0025274	A1*	9/2001	Zehr et al.	705/402
2001/0042010	A1*	11/2001	Hassell	705/14
2003/0023537	A1*	1/2003	Joshi et al.	705/37
2005/0177418	A1*	8/2005	Michener	705/14
2011/0313839	A1*	12/2011	Walsh	705/14.35

\* cited by examiner

(21) Appl. No.: **13/488,908**

*Primary Examiner* — Rajesh Khattar

(22) Filed: **Jun. 5, 2012**

(74) *Attorney, Agent, or Firm* — Charles A. Rattner

(65) **Prior Publication Data**

US 2012/0246021 A1 Sep. 27, 2012

**Related U.S. Application Data**

(63) Continuation-in-part of application No. 13/215,137, filed on Aug. 22, 2011, now Pat. No. 8,219,484, which is a continuation of application No. 11/234,359, filed on Sep. 23, 2005, now Pat. No. 8,005,744.

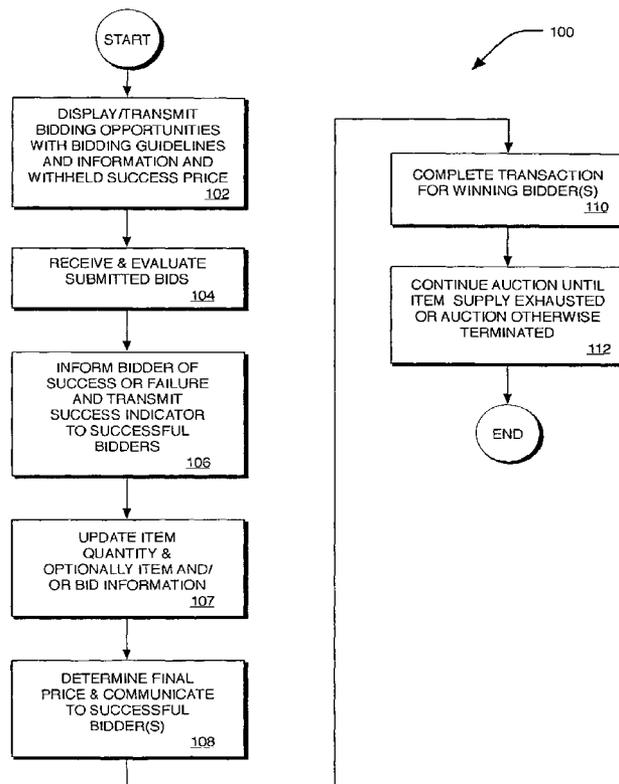
(57) **ABSTRACT**

Methods and systems for bidding on items include a predetermined price or range associated with an item, the price not disclosed to bidders. Successful bids conform to a predetermined success rule(s) determined independently of the amounts of other bids. Successful bids can be immediately communicated to the successful bidders. Price adjustments, typically discounts, can be determined and communicated prior to fulfillment.

(51) **Int. Cl.**  
**G06Q 40/00** (2012.01)

(52) **U.S. Cl.**  
USPC ..... **705/37**

**15 Claims, 2 Drawing Sheets**



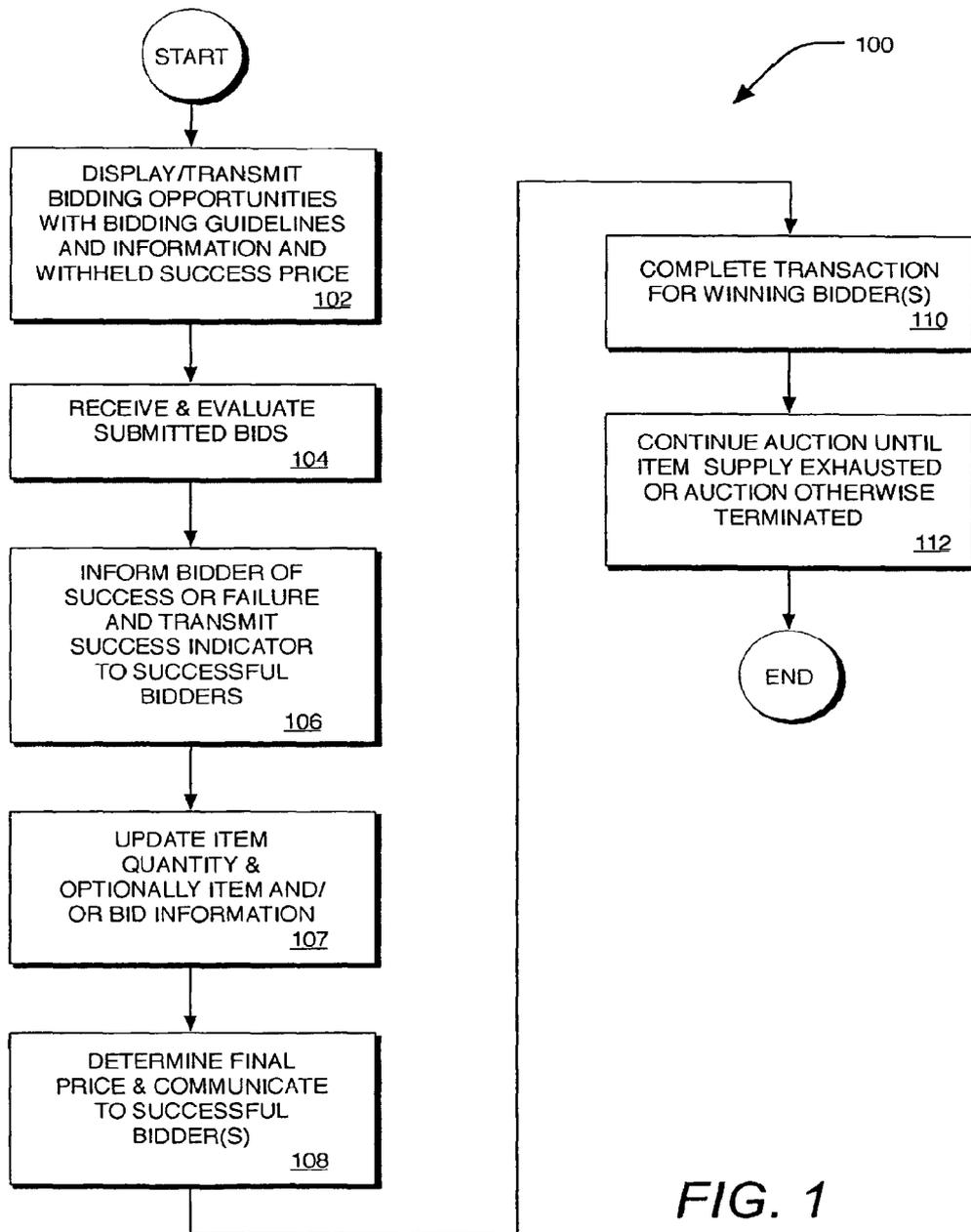


FIG. 1

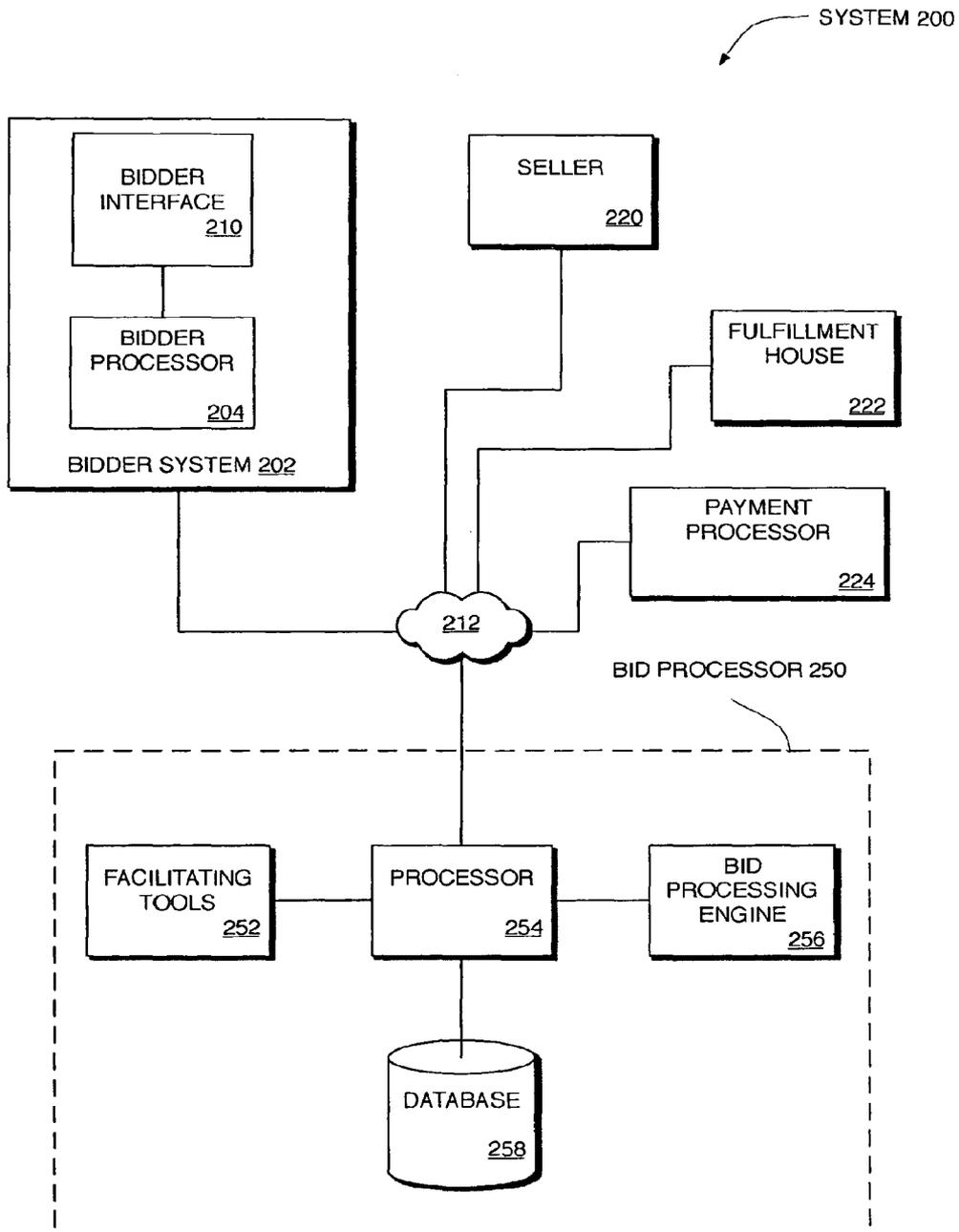


FIG. 2

## METHODS AND SYSTEMS FOR FACILITATING BIDS ON PRODUCTS AND SERVICES

### CROSS-REFERENCE TO RELATED APPLICATIONS

This application claims priority under 35 U.S.C. §120 as a continuation-in-part of U.S. patent application Ser. No. 13/215,137 entitled "METHODS AND SYSTEMS FOR FACILITATING BIDS ON PRODUCTS AND SERVICES" filed on Aug. 22, 2011 now U.S. Pat. No. 8,219,484 in the name of Alan Hamor, which in turn claims priority under 35 U.S.C. §120 as a continuation of U.S. patent application Ser. No. 11/234,359 entitled "METHODS AND SYSTEMS FOR FACILITATING BIDS ON PRODUCTS AND SERVICES" filed on Sep. 23, 2005 in the name of Alan Hamor, which issued as U.S. Pat. No. 8,005,744 on Aug. 23, 2011, the entirety of each of which is incorporated herein by reference.

### TECHNICAL FIELD

This disclosure relates generally to commercial transactions conducted over communications networks, and more particularly to bidding systems accessible by various user devices over the same.

### BACKGROUND OF THE DISCLOSURE

In today's world, there are numerous products and services available for purchase. There are also more choices than ever on how to purchase the products and services. For example a buyer can purchase items in a store or on the Internet, conventionally or through an auction process, using cash or other forms of payment, etc.

Sellers use various techniques to motivate buyers to make purchases. For example, sellers provide discount coupons, mark down prices during a sale, sponsor various inventory liquidation events and/or allow customers to bid on items in an auction. Many of these sales techniques encourage buyers to 'hold out' for anticipated low pricing, causing not only an erosion of profit margins for the seller, but also an increase in the inventory holding costs to a seller.

Sellers have embraced dynamic pricing, for example in the form of auctions, as a way to increased levels of interest from customers while maintaining desirable profit margins. Various types of auctions are known. The most common type of auction is an English auction where the bidder who places the highest bid over the reserve price, a price set by the seller, wins the item at the end of the bidding period. In a variation of the English auction known as a quick win auction, the auction ends when the bid reaches a predetermined threshold set by the seller. In a turbo auction, also a variation of the English auction, a starting price is specified, no reserve price is allowed and the highest bidder wins.

In a Dutch auction, the auctioneer begins with a high asking price that is lowered in increments. The price lowering continues until a bidder is willing to pay the asking price or a predetermined minimum price is reached. If multiple items are being sold, as successful bidders reserve their quantities to be purchased, the auctioneer continues lowering the asking price until all items are sold. In a uniform or second price auction (sometimes also called a Dutch auction) an item is awarded to the highest bidder at a price equal to the second highest bid. In a variation of the uniform price auction for multiple identical items (also sometimes called a Dutch or multiple auction), bidders specify their bids and how many of

the available items they would like to purchase. At the end of the bidding-period all winning bidders pay the lowest winning bid per item. In a variation of the uniform price auction for multiple identical items, known as a Yankee auction, at the end of the bidding period all winning bidders pay their exact winning bid.

In a fixed price auction, a bidder who first bids the fixed price wins. In a variation of a fixed price auction, known as an auto markdown auction, the fixed price drops over time. In a Chinese auction, typically employed in a charity event with donated items, each bidder bids the same amount on an item, typically using a pre-printed ticket, and the winner is selected by lottery. The charity selects the winning bid from a pool of bids for the item. In a silent or sealed bid auction, all bids are secret and the highest bidder wins. In a procurement auction, a buyer puts out a request for proposal RFQ, providers offer progressively lower prices and at the end of the auction the lowest bid wins.

Despite their variety and their common acceptance and usage, auctions pose many problems for both buyers and sellers. In many types of auctions, the seller loses control of the final price of the auctioned item, which is determined by the bidder and auction process. Many types of auctions are competitive; forcing winning bidders to successfully compete against other bidders in a sometimes uncomfortable and expensive process. In many types of auctions, there is a waiting period between the time a bidder bids for an item and the time the bidder knows if his bid is successful, leaving the bidder in uncertainty. These characteristics often make existing auctions less than desirable for buyers and sellers of items.

### SUMMARY OF THE DISCLOSURE

The present disclosure provides methods and systems which overcome many of the drawbacks and disadvantages of existing auctions, while providing many of the benefits and motivations of the auction format.

In accordance with an embodiment of the present disclosure, there are provided methods and systems to process bids, an exemplary method comprising: Identifying for sale an item having a floor price; displaying, using the computer, the item for bidding by at least one bidder; suppressing, during the displaying, the floor price such that the floor price is not available to the at least one bidder; limiting the at least one bidder to a predetermined number of bids on the item; receiving from the at least one bidder at least one bid on the item, the bid within the predetermined number of bids, the bid including a bid price; comparing on the computer the bid price to the floor price; and if the bid price for the item is at least equal to the floor price, then substantially immediately notifying the at least one bidder of the success of the at least one bid.

In accordance with another embodiment of the present disclosure, there are provided methods and systems to bid on an item, an exemplary method comprising: displaying, using the computer, an item for bidding, the item having a suppressed floor price not available for viewing; receiving an opportunity to place up to a predetermined number of bids for the item; submitting at least one bid on the item, the bid within the predetermined number of bids, the bid including a bid price; and receiving, if the bid price for the item is at least equal to the floor price, a substantially immediate notice of the success of the bid.

In accordance with yet another embodiment of the present disclosure, there are provided methods and systems to sell an item, an exemplary method comprising: identifying for sale an item; identifying a floor price for the item; authorizing, using the computer, the item for display for bidding by at least

one bidder with the floor price of the item suppressed by the computer to the at least one bidder; authorizing the receipt of a predetermined number of bids on the item by the at least one bidder; and authorizing, if a bid is received from the at least one bidder within the predetermined number of bids and including a bid price at least equal to the floor price, the substantially immediate transmission of a success indicator to the at least one bidder.

#### BRIEF DESCRIPTION OF THE DRAWINGS

Further aspects of the present disclosure will be more readily appreciated upon review of the detailed description of its various embodiments, described below, when taken in conjunction with the accompanying drawings, of which:

FIG. 1 is a flowchart illustrating a method for bidding on an item according to the present disclosure;

FIG. 2 is a block diagram of a bidding system in accordance with FIG. 1.

#### DETAILED DESCRIPTION OF THE SPECIFIC EMBODIMENTS

Referring now to FIGS. 1-2, wherein similar components of the present disclosure are referenced in like manner, various embodiments of methods and systems for facilitating bids on products and services are disclosed.

Provided herein are new and improved bidding methods and systems that guarantee sellers receipt of at least a desired price while providing buyers with the motivation of naming their own bid price along with the instant gratification of knowing whether or not they have tendered an accepted bid. The disclosure is flexible as to the type of products and services that can be offered for bid, and can be implemented in a variety of different commerce scenarios, including, but not limited to: on a website where it facilitates commerce, on a website where it is the commerce, on websites offering product searches and listings, in a peer-to-peer network environment, through online advertisements and in an actual physical retail environment. Buyers using the present disclosure, also referred to as users or bidders, receive instant feedback as to whether their bids have been accepted and what quantities of goods they have purchased. New and innovative pricing mechanisms enable sellers to optionally offer and buyers to receive favorable pricing, often below the actual, accepted bid price.

It will be appreciated by the reader from a consideration of the following description of the disclosure that, in contrast to an auction, the present disclosure is better described as a bidding system. Generally, with respect to an auction, the function of the auction is to drive up of the price of the bids for items, maximizing the amount received by the seller. In contrast, with respect to the bidding system of the present disclosure, the function of the system is to encourage buyers to buy items within price ranges preset and acceptable to sellers. Thus, the bidding system of the present disclosure functions to encourage buyers to buy goods in a manner motivational to the buyer while meeting the pricing requirements of the seller.

As used herein, the phrases “for example,” “such as” and variants thereof describing illustrative implementations of the present disclosure are exemplary in nature and not limiting.

In the description below, the term “item” and variants thereof as used to describe products and services transacted using the present disclosure include any tangible or intangible object of value. For example, items sold or purchased with the present disclosure can include: a product, a service, a warranty, a naturally occurring object, an animal, a financial

instrument, a right to purchase an object under defined circumstances, a right to sell an object under defined circumstances, and others as will now be apparent to the reader. Depending on the embodiment, the condition of the item can be any condition, for example new, used or refurbished. For ease of description the singular form of item is used below to connote one item or a plurality of items, which can be bid upon as one unit, as appropriate.

In the description below the meaning of the term “price range” and variants thereof as used to describe the price of items include: one price only, a plurality of prices and ranges of prices. “Sellers” and variants thereof refer to parties selling items using the present disclosure, while “buyers,” “bidders,” and variants thereof refer to parties placing bids to buy items using the present disclosure.

With reference now to FIG. 1, there is shown a method 100 for bidding on an item, according to an embodiment of the present disclosure. Method 100 will be described in conjunction with the bidding system 200 illustrated in FIG. 2, which will now be described.

The bidding system may include at least one network-enabled computer having a processor, a memory for storing programming and processing instructions, a system interface for receiving data and programming from an operator and a network interface for communicating bi-directionally with user devices over a data communication network. With reference now to FIG. 2 there is shown a bidding system 200 including a bid processor 250 with a bid processing engine 256. Bid processor 250 is connected through an appropriate data communication network interface 212 to one or more bidder systems 202. Bid processor 250 is further seen to include a processor 254 connected to bid processing engine 256, a database 258, and optionally to a set of facilitating tools 252, the functions of which are described herein below.

A seller 220, a fulfillment house 222 and a payment processor 224 are connected to communicate with bid processor 250. As described in detail herein, seller 220 comprises a party(s) placing items for bid in accordance with the present disclosure. Fulfillment house 222 comprises a conventional service for providing goods or services to purchasers, while payment processor 224 comprises a conventional credit card, bank, debit card or other payment account processor.

Bid processor 250 may comprise any combination of conventional components, for example an Intel® microprocessor operating a conventional operating system with appropriate software to perform the functions described herein. Bid processing engine 256 may comprise a separate processor from processor 254, functionality provided by the processor 254 itself, or a combination of both. Tools 252 may be contained in database 258 and operated by processor 254 and/or bid processing engine 256. While, for purposes of description, bid processor 250 has been shown as a simple, consolidated system, it will be apparent to the reader that the disclosure is not thus limited. Bid processor 250 can be located in any appropriate location and can be operated by any entity. Bid processor 250 may, in a manner well known in the art, comprise a decentralized system utilizing interconnected components from a variety of geographically disparate locations. Exemplary configurations of bid processor 250 are described below.

While, for purposes of illustration, only a single one each of bidder system 202, seller 220, fulfillment house 222 and payment processor 224 are shown, it will be understood that any number of such parties, the functions of which are described below, may be included in system 200.

Each bidder system 202 is shown to include a bidder interface 210 and a bidder processor 204. In different embodi-

ments, a bidder system **202** may be personal to an individual bidder, or a group of inter-related bidders, or may be shared by unrelated bidders. Examples of a personal bidder system **202** include inter-alia: a programmable cellular phone, telephone, fax machine, computer, television, and personal digital assistant, which is owned by or typically used by a particular individual or a limited group of individuals. Alternatively, each bidder system **202** may be shared by unrelated individuals. Examples of a shareable bidder system **202** includes inter-alia: a programmable cellular phone, telephone, fax machine, computer, television, and personal digital assistant, which is set up in a store or in another public location where it is available for use by multiple, typically unrelated individuals. Another example of a shareable bidder system **202** includes a visible programmable tag attached to or which promotes an item available for bids. Examples of such visible, programmable tags include portable digital devices, liquid crystal display (LCD) tags, and other devices of similar functionality.

It will be understood by the reader that, in the various embodiments of the bidder systems **202** described above, the various bidder interfaces **210** and processors **204** comprise the user interfaces and processors contained in the described devices, respectively. It will further be understood that, while a single bidder system **202** has been shown and described, any number of bidder systems may be included in system **200**.

Facilitating tools **252** can vary depending on the embodiment and can be made up of any combination of software, hardware and/or firmware that performs the functions as defined and explained herein. In one embodiment tools **252** include any of the following inter-alia: tools to help a bidder search for an appropriate item on which to bid (for example by asking evaluation questions to a bidder), tools to suggest an appropriate item for a bidder to bid on, tools to allow bidders to form bidding teams, tools to provide information to team members and others about an item available for bidding, tools to allow a bidder to rate an item, a bid initiator, the bidding process, etc, and tools to provide messages to bidders. More details on facilitating tools **252** are provided herein below. Facilitating tools **252** may also provide tools for sellers to use, the details of which are described herein below.

Communication interface **212** can provide any single communication channel or combination of communication channels appropriate for the various parties to communicate with each other and with processor **250**. Communication interface **212** can thus comprise, for example: the Internet, a different public network, a private network, a telephone network, a peer-to-peer software network, various types of wireless networks, combinations thereof and any other type of useful data communications network or combinations thereof as will now be apparent to one of ordinary skill in the art.

With reference back to FIG. 1, various processes are now described for operating bidding system **200** in accordance with the illustrated embodiment of the present disclosure. Considering now the process, in stage **102**, a bidding opportunity for an item is presented to a bidder. In accordance with a feature of the disclosure, the number of units of the item allocated to the bidding opportunity by the seller can be any quantity, i.e. one or more units, the exact quantity typically not made known to bidders. The bidding opportunity that is presented to the bidder is generated by bid processor **256** and made available to the bidder through a bidder system **202**. In order to generate the bidding opportunity, one or more sources of data can used, as will be described in more detail below.

As determined by the seller to meet the needs of the seller and to motivate buyers, the bidding opportunity that is pre-

sent to the bidder includes some amount of information about the item, the seller, the bidding process, etc. For example, the presented bid opportunity may include one or more of the following, inter-alia: the identity of the seller, the name of the item, the quantity of the item available for bidding, whether the item is grouped with other similar items for the bidding, any limit on how many bids may be taken by the bidder and how many by the bidding team, the condition of the item (e.g. new, used, refurbished), the allowed locale of the bidder (e.g. local, regional, national or international relative to the location of the item), the suggested retail price for the item, a buy it now price (i.e. a price in which the item can be bought or sold without bidding), ratings on the seller, ratings about the item, any constraints on bidding amounts (for example minimum or maximum allowable bidding amounts, a plurality of predetermined amounts one of which must be selected as the bidding amount, etc), and the associated success rule (i.e. what relationship the bidding amount bid by a bidder has to have with a predetermined price range in order to be successful). However, in accordance with another feature of the disclosure, in all embodiments, the bidding opportunity is presented without presenting the predetermined price range for the item, where a bid will be successful if the relationship between the amount bid and the predetermined price range conforms to a predetermined associated success rule.

It will be understood by the reader that the “buy it now” price is separate and distinct from a predetermined, successful bid amount or range. More particularly, the “buy it now” price represents a fixed amount at which an item may be purchased. It need have no particular relationship to the bid amount or bid range at or within which the item may be purchased by bidding. It will thus be understood that the display of a “buy it now” purchase price is not inconsistent with the feature of the disclosure that the successful bid price or range is suppressed and not made available to buyers.

As the reader is aware, it is difficult to keep information secret, and the security surrounding the predetermined price of the item may vary depending on individual situations. In some cases, bidders may be able to acquire knowledge of the predetermined price range, for example from previous bidders, from an over-eager seller of the item, etc. Therefore, while it is a feature of the disclosure that the price range is not presented (i.e. disclosed) to the bidder as part of the bidding process, there is no limitation on whether the bidder may obtain knowledge of the price range through means other than presentation through the bidding process described herein.

In the described embodiment, the bidding opportunity is provided in stage **102** to the bidder through a bidder system **202**. For example in one embodiment, bidder interface **210** includes a web browser and when the operator of the web browser accesses a web site with bidding engine bidder interface **210**, the item and related bid information is received through network **212** and displayed on the interface by bidder processor **204**. As another example, bidder interface **210** can comprise an electronic tag attached to the item, and when there is an opportunity to bid on the item, the bid processor and interface in the electronic tag signal to indicate that bidding is allowed on the item, for example through a visual or audio cue. As another example, bidder interface **210** includes an email server, receiving e-mail information from bid processing engine **256** through network **212** for display by bidder processor **204** on bidder interface **210**. As yet another example, the bidder can learn about the bidding opportunity through an advertisement, for example on television, on

radio, on a billboard, on the World Wide Web or in a mailing, via telephone, via instant messaging, emailing or other form of communication.

In some embodiments facilitating tools **252** may have been used prior to or subsequent to the bidder being presented with the opportunity to bid in stage **102**. For example, the bidder may use facilitating tools **252** to search for suitable items up for bidding. The bidder may use facilitating tools **252** to find out more information on the item in order to decide whether and how much to bid. The bid processor **250** may use facilitating tools **252** to tailor the bid opportunity to the bidder. As another example, the bidder may have received a message through facilitating tools **252** from another bidder about the bidding. The bidder may use facilitating tools **252** to generate or access bidding information about bids placed by other members of a bidding team to which the bidder belongs or to provide members with bidding strategies or actual bids to be made. Many different types of facilitating tools will now be apparent which facilitate the initiation of the bidding process by a bidder.

In stage **104**, a bid on the item is received and evaluated. The bid includes inter-alia the bidding amount as bid by the potential buyer and optionally the desired quantity of items. As noted above, there may be variation or constraint in the number of units of an item on which a bidder can bid out of the total quantity of that item available for bidding. For example in one embodiment, a bidder can only bid on a limited number of units of an item whereas in another embodiment a bidder can bid on as many units of the item as the bidder desires up to the total quantity available for bidding. In one embodiment, the quantity of units of an item available for bidding must derive from one bidder, whereas in another embodiment the quantity of available units of an item can derive from one or more bidders (for example belonging to a bid initiator group).

In the described embodiment bidders submit bids through bidder system **202**. The bid is received by bidder processor **204** and transmitted to bid processing engine **256** through communications link **212**. Depending on the rules for the particular item up for bid, a bidder can bid any amount desired, choose from a selection of possible bidding amounts, or otherwise determine how much to bid in accordance with the rules for the particular item.

Once the bid is received, the bid is analyzed by bid processing engine **256**. In one embodiment, there is a predetermined price range and a success rule associated with the item. For example, there may be a specified floor price per item and if the bidding amount per item is above the floor price per item, the bid is successful. As another example, there may be a specified floor span or range for an acceptable bid per item, and if the bidding amount per item is within the bounds of the range, the bid is successful. As another example, there may be a specified ceiling price per item and if the bidding amount per item is below the ceiling price per item, the bid is successful. Numerous pricing schemes and rules for successful bidding will now be apparent to the reader.

As noted above, in the described embodiment, bidders are limited to a single bid on an item (or group of items) so as to prevent 'trolling' to determine the lowest acceptable price. The bidder and/or bidder system **202** can be identified through any suitable method including inter-alia: cookies, email addresses, IP addresses, name, phone number, mailing address, credit card number, etc. It should be evident that the more unique the identifier used to check the identity of the bidder, the more likely to prevent bids by the same bidder over the allowed number of times. For example if identity is established through email addresses, a bidder who has more than

one email address could potentially bid the allowed number of times more than once, using different email addresses.

In another embodiment, the bidder could theoretically bid as many times as desired, presumably within rules established for such bidding. For example, the bidder may have the right to bid two times and, if still unsuccessful, obtain supporting bids from bidding team members, who may have the right to bid one or more times on that item until either a successful bid has been made or all bidding rights have been exhausted. In yet another embodiment, team bidding may not be allowed and so the bidder may have the right to bid three times on an item and if unsuccessful, may have to bid the "Buy It Now" price in order to purchase that item. In any embodiment, either the bidder or the seller may decide what are the bidding rules for a specific item.

It is a feature and advantage of the disclosure that the success of a bid for an item is independent of the bidding amounts of other bidders for that item. That is, the success rules for a bid on an item are predetermined by the seller and do not change based upon the bids of others. Therefore whether a bid is successful can be determined once a bid has been made and independently of other bids. Continuing with reference still to stage **104** of FIG. **1**, each incoming bid is received by bid processor **250** and evaluated by bid processing engine **256** to determine if the bid is successful. As shown in stage **106**, a bidder is informed as to the success or failure of a bid, typically by a success indicator transmitted to a successful bidder from bid processor **250**.

In some instances, a bidder may be required to purchase the item once the bid has been accepted. In another instance, the bidder receives the option to purchase the item once the bid has been accepted and the bidder can decline or ignore the option. In yet another instance, the bidder may have the right to transfer or even sell the right to purchase the successfully bid item to a third party. For ease of explanation it is assumed below that the bidder is required to purchase the item once the bid has been accepted.

The success indicator can include any indication that the bidder has submitted a successful bid and has the right to complete a transaction to procure possession of the item. For example, the success indicator can include a success code, i.e. e-commerce promotion code, which can be used by the bidder to purchase the item. As another example the success indicator can include a voucher or coupon, which can be used by the bidder to purchase the item, for example in a store or on the Internet. As another example, the success indicator can include a contract stating that the bid initiator agrees to sell the item to the bidder. As another example, if the bidder had previously provided account information, the success indicator can include a notice of payment charged to the account (credit received). As yet another example, the success indicator can include shipping/tracking information for receiving (sending) the item or a receipt for picking-up (having picked up) the item which was purchased (sold). In yet another example, the success indicator may include future purchase or sale rights for the specified item or other items in a peer-to-peer environment.

The success indicator may have intrinsic value and be transferable to others by the bidder. In another embodiment the success indicator is non-transferable.

In one embodiment, the success indicator indicates an extra reward if the bidding amount meets a predetermined price or price range. For example, if the predetermined price range is a floor price or ceiling price there could be an extra reward for a bid equal to the floor price or ceiling price. The extra reward can be one or more items related to or unrelated to the item bid upon. For example the reward can be a product related to the

bid upon item, service for the bid upon item, a warranty for the bid upon item, and/or a gift unrelated to the bid upon item.

Continuing with reference to FIG. 1, at stage 107, if a bid is successful, bid processing engine 256 updates the number of remaining units of an item by subtracting the number of units of an item purchased by a successful bidder from the number of units of the item which were previously available. Optionally, the bid processor 250 (or operator of the bid processor) and seller may communicate to alter the terms with respect to any remaining items.

As shown in stage 108, the price paid by the bidder may differ from the successful bid price and must be determined. In one embodiment, the bidder pays the amount successfully bid for the item. In another embodiment, if a quantity greater than one unit of an item is available for bidding and the predetermined price is a range, each successful bidder pays the amount they have bid. In another embodiment, if a quantity greater than one unit of an item is available for bidding and the predetermined price is a range, each successful bidder pays the lowest successful bidding amount out of a plurality of successful bids placed for the item. In other words, in this latter embodiment, the price the bidder pays or receives is the bidding amount of the successful bid which is closest to the predetermined price floor. In this latter embodiment, the bidder may receive a success indicator which does not state the final price or the bidder may receive a success indicator with a temporary price and then when the final price is determined the bidder receives a credit or charge for the difference.

In some embodiments, bidders can use facilitating tools 252 to register and take advantage of bidding groups. For example, each bidding group member may have a home page with activity reports, messaging capability and other functions relating to creating and coordinating bidding teams. In this embodiment, members can communicate with each other regarding the bids, and bid processing engine 256 may transmit messages to members relating to the bidding activity of members of the group. In another group embodiment, any communication device or methodology including inter-alia email, instant message, system messaging, and cell phone text messaging can be used by bid processing engine 256 to communicate with team members, or by team members to communicate with each other. For example, if one member of a bidding group is successful, other members may decide to bid on an item using the same bidding amount used by the successful member or the other members may try to adapt the price in order to get closer to a lower price still within the success price range. As another example, if one member of a bidding group is unsuccessful, other members may know not to use the same bidding amount when bidding on the item.

In some embodiments, there may be more than one (not necessarily identical) item grouped together for bidding purposes. The group of items may derive from one or more sellers. There may be multiple price ranges associated with the group of items. Depending on the amount bid by a bidder, the bid may be successful for one or more of the items in the group, based on the associated rules for the predetermined price range for the items. For example, assume there are 5 HONDA CIVICS which three car dealers are making available for bidding. Assume a black CIVIC from dealer 1 has the highest associated price range (in this case a floor of \$14,000), two white CIVICS from dealer 1 and dealer 2 have the next highest price range (in this case a floor of \$12,000), and two red CIVICS from dealers 2 and 3 have the lowest price range (in this case a floor of \$11,000). Assume a bidding amount placed by a bidder of \$12,500. In this case a white CIVIC or a red CIVIC can be bought by the bidder but not the black CIVIC. Depending on the rules for that bidding instance, the

bidder may choose which of the qualifying items the bidder desires at any appropriate stage of the bidding process. Assume for simplicity of explanation that the bidder specifies a desired quantity of one unit in the bid. In one embodiment, the bidder can arrange the preferred order of grouped items (e.g. black, white, red) and submit the order with the bid in stage 104, and the success code returned in stage 106 would include the most preferred item for which the bid was successful (in this example white). As another example the bidder can be informed in stage 106 for which of the grouped items the bid was successful (white, red), and the bidder can choose one of the grouped items for which the bid was successful. As another example, the bidder in stage 110 (described below) can select one of the items for which the bid was successful as part of the transaction fulfillment stage. In embodiments where items are grouped together for bidding purposes, bid processing engine 256 may update the total number of units of all grouped items remaining after a successful bid.

Stage 110 of method 100 illustrates the execution of a transaction whereby a winning bidder(s) receives the goods or services successfully bid for. This stage 110 may be executed in one or more of many different embodiments as are described in detail below.

As mentioned above, bid processor 250 can be located in any appropriate location and operated by any appropriate operator.

The present disclosure may be operated in many different configurations as between the various parties. For example, in one embodiment, the bid processor 250 is operated by a centralized manager separate from sellers, typically an application service provider (ASP). In a second embodiment, the bid processor is operated by a seller, for example an online or store-front retailer or service provider. In yet another embodiment, the bid processor is operated by a centralized manager of a peer-to-peer networking environment or, in another variation, by the peers themselves. The reader will understand that, as used herein, peer-to-peer means in the conventional sense the sharing of files and information between users as enabled by an appropriate file sharing program such as NAPSTER or GNUTELLA.

In this peer-to-peer configuration, the disclosure may be used by one or more peers (manufacturers, resellers, retailers, individuals or other entities) to buy and sell goods and services from one another. Thus, an individual bidder (1) might purchase an item from Sears, for example, and then sell it to a local hardware store, which, in turn, sells it to another individual bidder (2). The disclosure allows for the bidding and actual purchase to take place in the peer-to-peer network, while delivery of the goods might be made by Sears, in this example, directly to the individual bidder (2).

Facilitating tools 252 may include other tools which variously assist in the interaction between sellers, buyers and bid processor 250.

For example such facilitating tools may include one or more of the following functions inter-alia: tools to enable a seller to input data on an item up for bidding, tools to enable a seller to input data relating to the bidding process, tools to enable buyers to form buying groups or teams, tools to enable sellers and/or buyers to group items for bidding, tools to enable sellers to rate the bidders, tools to enable buyers to rate items and/or bidding processes, tools for facilitating message exchanges between buyers and sellers, tools to enable both buyers and sellers to analyze past bid processes, and a royalty calculation tool.

Other useful facilitating tools supported by 252 may enable bidders to register and take advantage of the buyer groups

described above. For example, each buying group member may have a home page with activity reports, messaging capability and other functions relating to creating and coordinating one or more buying groups. In this embodiment, buyers can communicate with each other regarding the bids, and bid processing engine **256** may communicate messages amongst buyers relating to activity involving members of one or more buyer groups. It will be appreciated that any communication device or methodology including inter-alia telephone, email, instant message, system messaging, and cell phone text messaging can be used by bid processing engine **256** to communicate with buyer and/or seller group members, or enable group members to communicate with each other.

Examples of tools facilitating analysis of past bid processes include, inter-alia, tools for: viewing past bids for a comparable item to determine if the price range for future similar items should be adjusted, viewing location information of past bidders to determine if item listing or advertising information should be adjusted accordingly, and viewing profiles of past bidders to determine if items became available in their target market.

The data used to formulate a bid opportunity which is presented in stage **102** to a bidder, can originate from the seller, from the operator of bid processor **250**, or if the two are different parties as a result of a consensus between both.

Facilitating tools may be used to automatically process, limit or alter seller's introduction of item information into bid processor **250**, for example: limiting item listings from sellers with past bad histories or negative ratings, limiting item listings based upon known or anticipated buyer demographics, and others as will be apparent to the reader.

In other embodiments, facilitating tools **252** may include search capabilities that enable bidders to search for items. Other tools may enable automatic generation of bid opportunities for suitable items, for example pursuant to an ongoing agreement between the operator of system **200** and a buyer.

In one embodiment the price range for the items which can be bid on is input by the seller. In another embodiment, the operator of bid processor **250**, if different than the seller, may select a price range or may reach a consensus with the seller on an appropriate price range.

In one embodiment, the bid initiator can input the quantity of units of each item which is available for bidding and/or any staggering schedule for how the quantity of items will be made available for bidding. For example, a staggering schedule could allow for a fixed number of units to be up for bidding each month out of the total quantity available. In another embodiment the seller indicates the total quantity of units of the items which the seller wishes to sell, and in some cases the operator of bid processor **250** may determine the number of units to be put up for bidding out of the total quantity which the seller wishes to sell or buy, and/or any staggering schedule. In yet another embodiment, the operator of bid processor **250** may with the seller reach a consensus on the number of units up for bidding and any staggering schedule.

In one embodiment, the seller can also indicate if any (not necessarily identical) items should be combined in a bid opportunity with other item(s) from the same seller or from one or more different sellers. In yet another embodiment, the operator of bid processor **250** may decide or may reach a consensus with one or more sellers on whether to combine items in a bid opportunity.

With reference again back to FIG. **1**, it is of course necessary to complete the transaction with successful bidders as indicated at stage **110**. Such completion involves the delivery of the successfully bid for products and/or services to the buyer. Transaction fulfillment may be accomplished by bid

processor **250** as operated by an operator, for example an ASP. Transaction fulfillment may be accomplished by bid processor **250** as operated by a seller. In yet another embodiment, transaction fulfillment may be accomplished by one or more third party fulfillment houses **222** who may be connected to bid processor **250** through network interface **212** so as to receive any necessary fulfillment information.

Transaction fulfillment can include any of the following actions inter-alia: determining a bidder account to charge or credit, determining necessary financing, determining the location of the bidder for example for shipment or pick up, and determining a preferred shipment or pickup method of the bidder. Payment collection may be performed in different embodiments by: the operator of bid processor **250**, the seller, a designated third-party payment processor **224**, or others as will now be apparent to the reader.

In stage **112**, if the quantity of units of the item up for auction has not been depleted by successful bidders, or the quantity of (not necessarily identical) items grouped together for bidding purposes has not yet been depleted the auction continues for other bidders. In some embodiments, the auction can be ended prior to the depletion of the quantity. Depending on the embodiment, the auction can be interrupted, for example, by the seller, the operator of bid processor **250**, and/or by a third party operating transaction fulfillment system **222**.

There has thus been provided new and improved bidding processes and systems, which includes many of the benefits of both an auction and a traditional retail environment. Like an auction, the disclosure motivates buyers to purchase items by allowing them to determine and place bids on items, providing them the excitement and satisfaction of a bidding process. Like a more traditional retail sale, the disclosure provides instant gratification, informing the buyer immediately as to whether a bid is successful. Further, the retailer will be able to utilize existing systems of logistics, customer service and extended warranty, for example, to deliver the best possible value to the customer. The present disclosure enables sellers to control the minimum price of an item, insuring they obtain their desired price, without placing buyers in the uncomfortable and less-than-desirable position of having to bid against other buyers. The disclosure provides many different tools and features for facilitating the bidding process, including multiple item sales and buyer group support. This disclosure further enables new and innovative pricing mechanisms, enabling a buyer to know instantly if they have tendered a successful bid, while still providing a lower price at a later time. This disclosure has application in the field of commerce and particularly in the field of sales.

Various additional improvements to the bidding system **200** described herein above will now be introduced. In various embodiments, the bidding system **200** may act as a "price determinator" for items bid upon by a plurality of third-party purchasers interacting with the bidding system **200**. In such price determining embodiments, upon identification of a successful bid or upon conclusion of an auction for an item, the bidding system **200** may issue "success codes" to successful bidders, other bidders or any other third parties. The success code may entitle the presenter thereof to purchase a quantity of the item at the accepted bid price for the item determined from an auction or other bid process.

The success code, in certain embodiments, may be a string of alphabetic, numeric, or alphanumeric characters which may be used by third parties to initiate a purchase of the item from the bidding system **200** or other suppliers or merchants, including other online merchants or merchants having a physical retail location, from whom the item may be pur-

chased. The string of characters may be stored in a memory of the bidding system 200 to later to validate the code during a purchase of the item. The code may include encoded information that identifies at least one of: an auction, an identity of the bidder, a bid price and/or a quantity of the item. Such encoding may be encoded and decoded according to any of a wide variety of well-known encryption and decryption protocols.

When a bidder or other recipient of a success code presents the success code to an aforementioned online merchant, either online or at a “bricks and mortar” location, the success code may be used to change the purchase price of the item from the price offered by the merchant to the successful bid price obtained during an auction of the item performed by the bidding system 200. As stated previously above, the accepted bid price may be a floor price for the item as described earlier above. In additional instances, the accepted bid price may be the lowest accepted bid price received by the bidding system 200 from any of a plurality of bidders during the auction. In yet other instances, the accepted bid price may be any of a range of prices determined in advance by the seller as part of an auction performed by the bidding system 200.

In certain embodiments, the success code may be provided on its own or as a printable coupon code. The success code may be printed by a recipient and presented at a physical retail location of a merchant in order to initiate a purchase of a quantity of the item at the bid price indicated thereon. The success code may also be transmitted to a portable device of a user, such as a cellphone, laptop computer, notebook, notepad or tablet computer or other portable data device of like function, whereby the success code may be presented to the merchant at a separate physical location.

In various embodiments, it is readily contemplated that a group of bidders may act as a team of purchasers, and register as such with the bidding system 200. The team may communicate readily with each other and may receive a success code when any member of the team receives an acceptance of a bid for an item. An individual bidder can select a number of friends, associates or even strangers to form a group to bid on a given item. A communication system such as text messaging, email, web-based communications system, or instant messaging allows the group to strategize start and end bid points, bid increments, etc. Alternately, the group may communicate in person, via phone or other communication system. The bidding system 200 may provide for an initial bidder to act as a team leader and register additional team members for one or multiple bidding sessions, including being temporarily or permanently part of a team. The bidding system 200 may also allow for the creation of a “sub-teams,” where selected members are grouped in smaller teams to bid on one or more items, or categories/classes of items or for one or more sessions. An embodiment of the system may allow sellers to opt-in for group bidding on one or more of their listed items.

The bidding system 200 may maintain additional rules for the formation of teams, including, for example, limiting the number of team members and limiting the number of bids that each team member may make for an item. Rules determine how many bids by each group member or for what period of time a group may bid or for what items (classes or categories) a group may bid. The bidding system 200 may accept bids transmitted by team members where a team leader makes the first bid and each team member bids in a predetermined sequence. In additional embodiments, the team leader makes the first bid and any team member can bid at any time. In further embodiments, any member of the team may begin the bidding. In still further embodiments, any team member may

submit a bid when a period of time elapses and no bids have yet been submitted by the team. Additional team rules are readily contemplated.

In various additional embodiments of price determination, recipients of success codes may be authorized to share the code with a number of other third-party purchasers. Recipients may also be authorized to sell or otherwise offer the success code for purchase by one or more third-party purchasers. Additional uses of success codes and price determination are readily contemplated.

In another conceived improvement to the bidding system 200, there may be added a user interaction system capability whereby a bidder can transmit various messages to the seller in the event that the bidder was not successful during an auction for the item. For example, the bidder may indicate that she would be willing to (a) purchase one or more of the specific items listed at a certain price (or a price range) by a certain date in the future; (b) add one or more items to a wish list; and (c) add one or more items to a gift registry.

In another conceived improvement to the bidding system 200, a system of rating tools may be provided so that suppliers may rate successful bidders and/or bidders may likewise rate suppliers. A rating tool where sellers are rated by bidders/buyers may yield a calculated seller rating which, in turn, could accordingly affect the transaction costs paid by the seller to the operator of the bidding system 200. For example, a determined rating that exceeds an established threshold may reduce the transaction/selling costs charged to the seller/supplier for listing items on the bidding system 200. Conversely, a rating lower than the threshold could increase the costs that the seller/supplier must pay to register items for sale with the bidding system 200. Another rating tool, whereby sellers rate buyers based on closing transactions (for example, executing fulfillment of items bid upon) after a successful bid has been accepted. A sufficiently high buyer rating may result in preferential treatment in the form of discounts, private merchandise sales, free shipping or other special promotions and savings.

In another conceived improvement to the bidding system 200, auctions may be targeted to specific geographic regions or to specific segments of a population based on targeted demographics.

In another conceived improvement to the bidding system 200, the bidding system 200 may include a peer-to-peer bidding system, where a peer can be an individual, a corporation, any business entity, a municipality, a trust, a group of individuals or a corporate supply chain and the peers bid on items and fulfill sales for which there have been successful bids within the formed group.

In another conceived improvement to the bidding system 200, the listing of items on the bidding system 200 by the one or more sellers may be used to generate advertisements. Such advertisements may, in turn, be displayed via networks, web sites, and other locations of all kinds, such as: search engines, television advertising, cell phones, email, display ads, contextual ads, LCD or light-emitting diode (LED) displays, in-store networks, direct mail and other printed ads, and the like. Accordingly, individuals at widely diverse locations can readily see advertisements of one or more items identified for online bidding via the bidding system 200.

In another conceived improvement to the bidding system 200, a “tagging system” may be provided both for online stores and at physical merchant locations, such as retail stores, so that shoppers can easily notice items that may be bid upon by accessing the bidding system 200 online. Such, tags

15

may be highly visible and include attraction features, such as those that periodically flash, strobe or give off an auditory cue.

Although the best methodologies have been particularly described in the foregoing disclosure, it is to be understood that such descriptions have been provided for purposes of illustration only, and that other variations both in form and in detail can be made thereupon by those skilled in the art without departing from the spirit and scope thereof, which is defined first and foremost by the appended claims.

What is claimed is:

1. A bidding system, comprising:
  - at least one network-enabled computer having a processor, a memory for storing programming and processing instructions, a system interface for receiving data and programming from an operator and a network interface for communicating bi-directionally with user devices over a data communication network;
  - the memory storing an identification of an item for sale from a supplier, the supplier providing a total quantity of the item;
  - the memory further storing a floor price for the item determined by the supplier;
  - the network interface for transmitting to user devices over the data communication network the item for bidding by a plurality of bidders, where the floor price of the item is suppressed from the plurality of bidders and each of the plurality of bidders is authorized to submit a predetermined number of bids on the item;
  - the processor receives, via the network interface, a first bid from a first bidder for a first quantity of the item less than the total quantity, the first bid within the predetermined number of bids and including a first bid price determined by the first bidder; and
  - when the first bid price is at least equal to the floor price, and independent of other bids by other bidders, transmitting an acceptance of the first bid to the first bidder substantially immediately in response to the first bid, the acceptance comprising a success code;
  - after said acceptance, the processor receives, from a second bidder via the network interface, a second bid on a second quantity of the item less than the total quantity in the auction at a second bid price, the second bid price at least equal to the floor price and lower than the first bid price, and;
  - the processor accepts the second bid from the second bidder; after which the processor completes the sale of the first quantity of the item with the first bidder at the second bid price in place of the first bid price upon presentation of the success code by the first bidder, based on the accepting of the second bid, wherein the auction continues when there is a quantity of the item remaining.
2. The system of claim 1, wherein the success code transmitted to the first and second bidders, when entered into an online merchant site offering the item, enables the first and second bidders to purchase the quantity of the item from the merchant site for the second bid price.
3. The system of claim 1, wherein the the first and second bidders are authorized to share the success code with third-party purchasers, such that third-party purchasers may purchase the item for the second bid price.
4. The system of claim 3, wherein the the first and second bidders are authorized to offer the success code for purchase by third-party purchasers.
5. The system of claim 1, wherein the success code is transmitted as a printable coupon that may be used by the first

16

and second bidders to purchase the quantity of the item at the second bid price from a physical retail location of a merchant.

6. The system of claim 1, wherein the success code may be presented by the the first and second bidders at a physical location of a merchant offering the item, such that the bidder may purchase the quantity of the item at the bid price.

7. The system of claim 1, wherein the second bid price equals the floor price.

8. The system of claim 1, wherein the second bid price is the lowest price bid by the plurality of the bidders.

9. A bidding system, comprising:
  - at least one network-enabled computer having a processor, a memory for storing programming and processing instructions, a system interface for receiving data and programming from an operator and a network interface for communicating bi-directionally with user devices over a data communication network;
  - the memory storing an identification of an item for sale from a supplier, the supplier providing a total quantity of the item;
  - the memory further storing a floor price for the item determined by the supplier;
  - the network interface for transmitting to user devices over the data communication network the item for bidding by a plurality of bidders, where the floor price of the item is suppressed from the plurality of bidders and each of the plurality of bidders is authorized to submit a predetermined number of bids on the item;
  - the processor receives, via the network interface, a first bid from a first bidder for a first quantity of the item less than the total quantity, the first bid within the predetermined number of bids and including a first bid price determined by the first bidder; and
  - when the first bid price is at least equal to the floor price, and independent of other bids by other bidders, transmits an acceptance of the first bid to the first bidder substantially immediately in response to the first bid, the acceptance comprising a success code for purchasing the first quantity of the item,
  - after said acceptance, the processor receives, from a second bidder via the network interface, a second bid on a second quantity of the item less than the total quantity in the auction at a second bid price, the second bid price at least equal to the floor price and lower than the first bid price, wherein the processor accepts the second bid from the second bidder; and after which the processor completes the sale of the first quantity of the item with the first bidder using the success code at the second bid price in place of the first bid price, based on the accepting of the second bid;
  - wherein the success code is transmitted to the second bidder for purchasing the second quantity of the item at the second bid price and the auction continues when there is a quantity of the item remaining.
10. The system of claim 9, wherein the success code is transmitted to a third-party purchaser.
11. The system of claim 10, wherein the success code is offered for purchase to a third-party purchaser.
12. The system of claim 10, wherein the success code has an intrinsic value of its own, to be used for barter, purchase, trade and other such forms and types of commerce.
13. A bidding system, comprising:
  - at least one network-enabled computer having a processor, a memory for storing programming and processing instructions, a system interface for receiving data and programming from an operator and a network interface

17

for communicating bi-directionally with user devices over a data communication network;

the memory storing an identification of an item for sale from a supplier, the supplier providing a total quantity of the item;

the memory further storing a floor price for the item determined by the supplier;

the network interface for transmitting to user devices over the data communication network the item for bidding by a plurality of bidders including a team of individual purchasers and a plurality of other bidders separate from the team, where the floor price of the item is suppressed from the plurality of bidders and each of the plurality of bidders is authorized to submit a predetermined number of bids on the item;

the processor receives, via the network interface, a first bid from an individual purchaser from the team for a quantity of the item less than the total quantity, the first bid within the predetermined number of bids and including a first bid price; and

when the first bid price is at least equal to the floor price, and independent of other bids by other bidders, transmitting an acceptance of the first bid to remaining indi-

18

vidual purchasers of the team substantially immediately in response to the first bid, the acceptance comprising a success code;

after said acceptance, the processor receives, from a second bidder via the network interface, a second bid on a second quantity of the item less than the total quantity in the auction at a second bid price, the second bid price at least equal to the floor price and lower than the first bid price; and

the processor accepts the second bid from the second bidder; and after which the processor completes the sale of the first quantity of the item with the team at the second bid price in place of the first bid price upon presentation of the success code by the individual purchasers of the team, based on the accepting of the second bid, wherein the auction continues when there is a quantity of the item remaining.

**14.** The system of claim **13**, wherein the team is authorized to share the success code with third-party purchasers, such that third-party purchasers may purchase the item for the second bid price.

**15.** The system of claim **13**, wherein the team is authorized to offer the code for purchase by third-party purchasers.

\* \* \* \* \*